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**NSC BRIEFING**

**FINNISH PARLIAMENTARY ELECTIONS**

- I. Communist-front Finnish People's Democratic League (SKDL) won striking victory in 7 July elections by increasing its seats in 200 seat unicameral Diet from 43 to 50.
  - A. Social Democrats and Agrarians suffered setbacks and now hold only 48 seats each.
  - B. SKDL alone of the three increased its popular vote;
    1. All Three major parties got approximately 23.5 percent of the popular vote.
- II. Reasons for outcome appear to be the following:
  - A. Economic recession and particularly unemployment aided the SKDL.
  - B. Dissension among and within non-Communist parties hurt the Social Democrats (SD) the most.
    1. Long-standing factional struggle between the SD "party organization" and trade union leaders resulted in separate dissident SD lists being entered in four districts. These dissidents won three seats.
  - C. Dissatisfaction among larger farmers with leftist trend of Agrarian Party as well as widespread feeling that Agrarian opportunism has been mainly responsible for recent ineffective govts hurt Agrarians.
    1. Conservative National Coalition Party gained from this.

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D. Recent Soviet offers of economic assistance may have helped the SKDL.

1. A \$100 million to \$125 million ruble loan offer made during Kekkonen's visit to USSR.

2. Offers by USSR of fishing rights in Gulf of Finland.

E. Lastly, SKDL got their supporters to the polls while non-Communist parties were less effective.

III. Formation of govt will take several weeks, and it is unlikely that responsible govt can take over from caretaker govt before late summer.

A. SKDL will be certain to demand its inclusion in any new govt.

1. But it is unlikely that other parties will accept SKDL.

2. USSR may suggest to President Kekkonen that he press other parties to do so.

IV. Ultimate outcome will probably be center coalition govt involving some combination among Social Democrats, Agrarians, Finnish People's Party (Liberals) and Swedish People's Party (minority group party).

A. But formation of such govt requires that Social Democrats settle their internal differences and reach agreement with Agrarians on deep-seated economic issues which have kept them at odds for over a year.

1. These differences include level of farm subsidies, relation of agricultural income to wages, and amount of funds to be devoted to industrial investment.

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